KING WAN CORPORATION LIMITED
Incorporated in the Republic of Singapore
(Company Registration No. 200001034R)

RESPONSE TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

The Board of Directors (the "Board") of King Wan Corporation Limited (the "Company" and together with its subsidiaries, the "Group") refers to the questions received from the Securities Investors Association (Singapore) ("SIAS") in relation to the Annual Report of the Company for the financial year ended 31 March 2026 ("FY2026"). The Board would like to thank SIAS for submitting questions ahead of the Company's Annual General Meeting ("AGM") to be held on 31 July 2026 at 10.00 a.m.. The Company also wishes to inform that it has not received any comments, queries and/or questions from shareholders in relation to the businesses, operations and in particular, the resolutions to be tabled for approval at AGM.

The Company wishes to provide its responses to questions received from SIAS as set out below:

Question 1:

The Company recently marked 25 years as a listed company, having been listed on 6 December 2000. Next year, the Group will celebrate its 50th anniversary since its founding in 1977.

Against this backdrop, the Group reported revenue of $44.2 million in FY2026, a decline of 49.0% from $86.8 million in FY2025. Revenue also fell below the level recorded during the pandemic, when the Group generated $45.9 million in FY2021.

Management attributed the decline primarily to the majority of the Group's projects remaining in the pre-construction phase during the year. As a result of the lower construction activity, the Group recorded a gross loss margin of 5.2%.

i. Could management explain the principal reasons for this gap in project execution? To what extent was it due to the routine sequencing of construction works, delays by upstream contractors or customers, or other factors? If the timing of project commencement was known at the point of contract award, how did management plan for the resulting idle capacity and associated downtime costs? Were these costs factored into project pricing?

It is also observed that staff costs remained broadly unchanged at $15.4 million in both FY2025 and FY2026 despite the significant decline in revenue.

ii. To what extent was this a deliberate decision to retain skilled employees in anticipation of future project execution? Could management provide greater insight into the composition of its workforce, such as the proportion regarded as skilled or experienced personnel?

iii. What was the Group's manpower utilisation rate during FY2026? Given that the slowdown appears to have been anticipated, what measures were taken to redeploy resources, improve utilisation or generate alternative sources of work during the lull?

Company's response:

i. The decline in the Group's revenue for FY2026 was primarily attributable to the timing of project execution. Although the Group maintained an active tender pipeline and secured new contracts during the year, majority of the ongoing projects remained in the pre-construction phase. As a result, construction activities had not progressed to the stage where substantial revenue could be recognised.

   The timing of project commencement is dependent on various factors outside the Group's direct control such as customers' overall construction schedules, site readiness, regulatory approvals and coordination with other project stakeholders. While the Group actively tenders for new projects and maintains a pipeline of projects, the timing of contract awards and subsequent revenue recognition cannot be predicted with certainty and may result in fluctuations in construction activities and revenue between financial periods.

   Given the specialised nature of the Group's business, management continues to maintain a core team of experienced engineering, project management and operational personnel to support ongoing operations and ensure readiness to execute projects once they enter their construction phases. Although the lower level of construction activity in FY2026 resulted in reduced utilisation and lower absorption of fixed overheads and manpower costs, management believes it is important to retain critical capabilities to support project execution and long-term business sustainability.

   In tendering for projects, the Group adopts a disciplined pricing approach that considers direct project costs, overhead recovery, project-specific risks and prevailing market conditions. However, as project commencement dates and construction schedules may change after contract award, it is generally not practicable to specifically price for potential gaps in project execution. Management therefore continues to closely monitor construction schedules, optimise resource allocation and manage costs prudently to mitigate the impact of such timing differences on financial performance.

ii. The Group's staff costs remained relatively stable in FY2026 despite the lower level of revenue, due largely to management's decision to retain its core workforce and technical capabilities in anticipation of future project execution.

   Given the specialised nature of the Group's business, experienced project managers, engineers, supervisors and technical personnel are critical to project delivery and require significant time and investment to develop. Management therefore considered it prudent to retain these employees to support the execution of the Group's growing order book and maintain its service quality.

iii. Manpower utilisation during FY2026 was lower than normal operating levels as majority of the ongoing projects remained in the pre-construction phase, resulting in reduced construction activity.

   During this period, the Group reallocated manpower resources to support project tendering, engineering and project planning, procurement activities and other pre-construction work for secured projects and new business opportunities. In addition, personnel undertook planning, renovation and fit-out preparation works for the Group's newly acquired property at 15 Joo Koon Way, Singapore. The Group also utilised the lull period to plan and prepare for the setup of its prefabricated Mechanical, Electrical, and Plumbing ("MEP") capabilities, strengthen operational capabilities and enhance readiness for the execution of upcoming projects.

Question 2:

With $128.8 million of new contracts secured during FY2026, the Group's order book stood at $242.5 million as at 31 March 2026, representing the highest level in recent years.

- FY2026: $242.5 million
- FY2025: $152.3 million
- FY2024: $134.1 million
- FY2023: $163.3 million
- FY2022: $199.9 million
- FY2021: $156.9 million
- FY2020: $181.0 million
- FY2019: $161.1 million
- FY2018: $174.8 million
- FY2017: $168.0 million

i. With the substantial increase in the order book and the relative lull in FY2026, how has management utilised the transition period to strengthen the Group's execution capabilities? In particular, what preparations have been undertaken in areas such as manpower, training, procurement, project planning and operational capacity to ensure timely delivery without compromising quality or margins?

ii. What proportion of the current order book contains contractual price adjustment or inflation indexation mechanisms?

iii. Have recent geopolitical developments in the Middle East affected the Group's procurement costs, material availability or supply chain resilience?

iv. Following the acquisition of 15 Joo Koon Way in October 2025, has the Group fully integrated its operations at the new facility? What measurable operational, strategic or financial benefits does management expect the facility to deliver, particularly in terms of production capacity, operational efficiency, capability enhancement and long-term competitiveness?

Company's response:

i. The Group's order book of $242.5 million provides strong revenue visibility for the coming years. During FY2026, management utilised the lull in construction activity to strengthen the Group's execution capabilities and prepare for the anticipated ramp-up of projects.

Key initiatives undertaken included retaining and developing the Group's core engineering, project management and operational workforce, and reallocating personnel to support project tendering, engineering and project planning, procurement activities, and other pre-construction works. The Group also commenced planning and preparatory work for its prefabricated MEP capabilities and undertook renovation and operational preparation activities at its newly acquired property at 15 Joo Koon Way, Singapore to support future growth.

In addition, management strengthened engagement with suppliers and subcontractors, enhance procurement planning and resource scheduling, and improve project monitoring and coordination processes. These measures have strengthened the Group's operational readiness and positioned it to support the efficient execution of its growing order book while maintaining its standards of quality, safety and cost discipline.

ii. The contractual terms within the Group's order book vary across projects and customers and are commercially sensitive in nature. Accordingly, the Group does not disclose the proportion of contracts containing price adjustment or inflation indexation mechanisms. Management continues to monitor cost trends and manage inflationary risks through prudent tender pricing, procurement planning and project cost control.

iii. The Group has not experienced any material disruption to project delivery or material availability arising from recent geopolitical developments in the Middle East. However, the Group has observed some upward pressure on raw material and fuel-related costs. While many suppliers have continued to honour existing quotations and contracted pricing, some have indicated that future price adjustments may be necessary should market conditions remain volatile.

The Group has also experienced higher fuel-related operating costs, including diesel costs and fuel surcharges. At present, these cost pressures have not had a material impact on the Group's operations or project execution.

Management continues to monitor developments closely and engage proactively with suppliers, subcontractors and customers to mitigate potential cost and supply chain risks through prudent procurement planning and cost management.

iv. The integration of operations at 15 Joo Koon Way, Singapore is being carried out progressively. The property was acquired primarily to provide the Group with a long-term operational base in view of the impending expiry of its current lease.

In addition to ensuring business continuity, the property provides greater operational flexibility and supports the Group's future growth plans, including the development of its prefabricated MEP capabilities. Management expects the facility to enhance operational readiness and efficiency while strengthening the Group's long-term competitiveness.

As the integration process is still ongoing, it is premature to quantify the full operational or financial benefits at this stage.

Question 3:

According to SGX StockFacts, the Company trades at a price-to-book of approximately 0.5 times.

i. What has been the total shareholder return over the past 5 years, 10 years, 15 years and since its IPO on 6 December 2000?

Stock exchanges and regulators worldwide, including Tokyo Stock Exchange (TSE) and Korea’s Financial Services Commission (FSC), have been pushing for improved corporate valuations. The Review Group formed by the Monetary Authority of Singapore (MAS) has introduced measures to strengthen the equity market, focusing on improving liquidity and fair valuation for listed companies.

ii. Prior to the placement of 70 million new shares at 5 cents per share in December 2025, the last reported net asset value per share of the Group was 9.8 cents. Before approving the private placement, what alternatives did the Board evaluate? In particular, how did the board assess the impact of issuing shares at a price representing a discount of nearly 50% to the then reported net asset value per share? What analytical framework or financial assessment led the Board to conclude that the placement was necessary and in the best interests of all shareholders?

The Company's shares continue to trade at a substantial discount to their reported book value.

iii. How has the Board assessed the reasons for this persistent valuation gap? To what extent does the board believe that its historical capital allocation decisions and execution track record have influenced investor confidence, and what specific actions are being taken to rebuild market credibility?

iv. How does the Board, particularly the independent directors, intend to address the persistent valuation gap? Have capital management options such as share buybacks, special dividends or a broader strategic review been formally evaluated, and what are the timelines for implementation?

Company’s response:

i. As at 31 March 2026, the total shareholder return over the past 5 years, 10 years, 15 years and since its IPO were +19.0%, -72.5%, - 35.8% and -23.4% respectively.

ii. The Board was of the view that the placement would strengthen the financial position of the Group and the Company by increasing shareholders' equity, improving the Group's debt-to-equity ratio and providing additional working capital. This also allows the Group to be less reliant on external sources of funding, thereby potentially incurring fewer expenses related to external funding.

In determining the placement price, the Board considered the Company's prevailing market price, historical share price trading range over the preceding three months, trading liquidity, investor interest and prevailing market conditions. While the placement price represented a discount to the Group's then reported net asset value ("NAV") per share, the Board noted that the Company's shares had been trading at a significant discount to NAV and that the placement price reflected prevailing market conditions at the time.

After considering the available financing alternatives, the capital needs of the Group and the execution certainty of the proposed placement, the Board concluded that the placement was the most practical and efficient option available to the Company at the time and was in the best interests of the Company and its shareholders.

iii. The Board believes that Company’s share price is influenced by a range of factors, including the Group's financial performance, earnings visibility, trading liquidity and overall market sentiment.

The Board acknowledges that historical financial performance and shareholder returns may have affected investor confidence. Management is therefore focused on strengthening the resilience of its core M&E engineering services business, executing its growing order book effectively, improving profitability and maintaining financial discipline. The Board believes that consistent delivery of operational and financial results is the most effective way to rebuild market confidence and enhance shareholder value over the long term.

The Board also continuously reviews strategic options to enhance shareholder value, including potential divestments or restructuring of non-core assets. During FY2026, the Group successfully divested its investment in vessel ownership and chartering, allowing management to sharpen its focus on its core business and strengthen capital allocation discipline.

iv. The Board, including the Independent Directors, regularly reviews the Group's capital management strategy and is mindful of the valuation gap.

In evaluating options such as share buybacks, dividends and other capital management initiatives, the Board considers the Group's financial position, operational funding requirements, growth opportunities and prevailing market conditions.

In view of the need to preserve cash for operations and future growth, the Board has not recommended a dividend for FY2026. While the Board remains open to evaluating appropriate capital management initiatives from time to time, no specific plans or implementation timeline have been determined.

The Board believes that the most sustainable way to address the valuation gap is through consistent execution of the Group's order book, improved profitability and the delivery of long-term shareholder value.

BY ORDER OF THE BOARD

Chua Eng Eng
Managing Director
24 July 2026